GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2534
ANSWERED ON:10.03.2000
UNUTILIZED FOREIGN ASSISTANCE LOAN
A. VENKATESH NAIK

Will the Minister of FINANCE be pleased to state:

(a): whether a large sum of foreign assistance/loan is lying unutilised or undisbursed in Central and State sector;

(b): if so, the quantum of financial assistance/loan received from all external sources during each of the last three years and the quantum of funds out of such loan/assistance is lying unutilised or undisbursed as on 31 March, 1999;

(c): the reasons for lying such funds unutilised/undisbursed; and

(d): the steps being taken by the Government for early disbursement of such funds so that the country could be benefited therefrom and the burden of commitment charges and interest is not borne by the country?

Answer

MINISTER OF STATE FOR FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) & (b): The amount of foreign assistance/loan (Government and Non-Government) disbursedand unutilized/undisbursed in Central and State Sector during the last three years (upto 31 March, 1999) was as under:

(Figures in Rs. Crores)

	Central Sector		State Sector	
Year	Disbursement During the year	Undisbursed As on year ending	Disbursement During the year	Undisbursed As on year ending
1996-97	6734.69	28207.25	5311.86	32097.65
1997-98	6625.96	29665.39	5269.05	35836.82
1998-99	6436.56	28688.75	6912.28	39427.43

(c) & (d): Since Projects are implemented over a period of time, there is at any given pointof time, an inevitable stock of undisbursed funds. Thus all the undisbursed aid is not available for utilisation immediately. However, the slower than expected utilization of foreign aid is due to fund constraints, procurement and contracting delays and other project specific issues. Some of the steps taken by the Government to improve aid utilization are ensuring adequate provisioning for externally aided projects, streamlining of procurement procedures, disintermediation on flow of external aid to Central Public Sector Undertakings, quarterly review with Executing Agencies, setting up of a Project Management Unit in theDepartment of Economic Affairs, strengthening Project Management Units/Project Monitoring Cells in nine States and five Central Ministries, appointment of Nodal Officer for the Statesand Regular review of projects with respect to quality at entry. A system of monitoring the projects on the basis of quarterly milestones of important activities has also been introduced.